

Press release

Consumer sentiment in Europe improves slightly

18 July 2018

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Findings of the GfK Consumer Climate Europe Study for the second quarter of 2018

Nuremberg, July 18, 2018 – The consumer sentiment among European consumers improved slightly in the second quarter of 2018. In June the GfK Consumer Climate for the 28 EU states reached 23.2 points, thus taking it 2.6 points above March's figure. This is its highest level since November 2007. The average propensity to buy in the EU dropped slightly, although the propensity to save also fell, making more money available for consumption.

Consumers assessed economic prospects on average in the EU as less positive than at the start of the year. The **economic expectations** reached 7.1 points in June. This is an obvious decline compared to the 15 points achieved in March. The level of trust in economic development diminished significantly in Germany, France and Belgium. In contrast consumers in Spain and Italy looked on domestic economic activity more favorably.

Income expectations stood their ground on the EU average, reaching 16.8 points in June. This put them 0.5 points above the March figure. In Spain, Slovenia and Greece the indicator increased significantly compared to the first quarter. Here consumers rated the future development of their salaries with more optimism.

In comparison to the first quarter the **propensity to buy** fell slightly to 17.6 points in June. This is 2.1 points lower than in March. While the indicator fell by double digits in Bulgaria and France, it improved in Slovenia and Spain.

Despite a slightly falling propensity to buy, the **GfK Consumer Climate in Europe** rose to 23.2 points in the second quarter of 2018, since the calculation of the falling propensity to save is also taken into account here.

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Germany: Economic expectations in drastic decline

German consumers assessed their country's economic prospects in the second quarter of 2018 less positive than at the start of the year. The economic expectations stood at 23.3 points in June, 22.7 points fewer than in March. This is a mark of the impact of impending international trade conflicts.

Because of the strong position of the labor market, the falling economic expectations had no impact on the salary trend assessment. In June income expectations achieved a figure of 57.6 points, thus 2.7 points more than at the end of the first quarter.

Compared to March the propensity to buy fell in June by 2.9 points to 56.3 points. However it is still at a very good level. The excellent situation of the labor market provides consumers with the necessary planning security for larger purchases.

France: Consumer sentiment continues to worsen

Already in the first quarter of 2018 the sentiment of French consumers worsened. This downward trend continued further in the second quarter.

Economic expectations reached 14.7 points in June. This is a significant deterioration compared to 34.5 points in March. French consumers therefore assess the economic prospects of their country in an increasingly less positive light.

Income expectations also continue to worsen. In June the indicator achieved a figure of -24 points, putting it 3.3 points below the March figure.

In the wake of both economic and income expectations, the propensity to buy in France also dropped significantly. With 4.7 points in June the indicator got significantly worse compared to the 16.1 points achieved in March. The propensity to buy has therefore fallen to its lowest level since August 2016.

Great Britain: Losses in all indicators

After a positive first quarter the mood of British consumers worsened in the second quarter of 2018. Economic expectations fell 4 points compared to March and reached -20.6 points in June. The consequences of the ongoing uncertainties surrounding Brexit are clearly demonstrated here.

Income expectations fell by 4 points to 12.9 in June compared to March. But despite the losses this is significantly more than the figure achieved in 2017.

The propensity to buy reached -4.8 points in June, thus 2.1 points below the March figure.

Italy: Mood of Italian consumers brightens

In the second quarter in 2018 Italy improved in all indicators in the consumer sentiment. Compared to March economic expectations increased by 9.8 points, reaching -18.3 points in June. This is the highest level for two years.

Income expectations also rose 3.7 points to 8 points in June. A higher figure was last recorded in January 2016.

The propensity to buy also rose slightly compared to March by 2.1 points to 17.9 points in June. With this figure Italy was middle-ranking among European countries.

Spain: Economic and income expectations show significantly increases

The mood of Spanish consumers continued to improve in the second quarter. Compared to March the economic expectations rose by 12.3 points to 24.4 points in June.

Income expectations rose significantly too. After 2.1 points in March this figure achieved 17.4 points in June. This is the highest level since November 2017.

The propensity to buy created a jump into positive numbers in the second quarter. With 3.7 points in June the indicator rose by 5.8 points compared to March.

Netherlands: Economic forecast is on the decline

The mood of Dutch consumers worsened in the second quarter of 2018. Economic expectations stood at 30.6 points in June, putting them 9.6 points below the March figure. A lower figure was last recorded in February 2017.

Income expectations fell by 5 points to 12.2 in June compared to March. The propensity to buy reached 19.2 points in June, or 2.2 points below the March figure.

Austria: Significant losses in economic expectations

Consumers in Austria assessed the economic development of their country in the second quarter of 2018 more cautiously than at the end of last year. The economic expectations fell to 26.3 points in June. This is a minus of 11.3 points compared to March and a loss of 18.5 points compared to the figure in December 2017.

The wage trend was also assessed more pessimistically by Austrians in the second quarter. In June, income expectations reached 25.8 points, which is 6.2 points fewer than in March.

There was a slight increase in the propensity to buy. After 25.4 points in March the indicator rose to 27.4 points.

Portugal: Economic expectations fall slightly

In the second quarter of 2018 the economic expectations of Portuguese consumers dwindled slightly. Compared to March the indicator fell by 6.8 points to 25.5 points in June. This is the lowest level since February 2017.

In contrast income expectations rose slightly and achieved 31.7 points, which corresponds to a plus of 2.7 points compared to March.

The propensity to buy of Portuguese consumers also improved. With 13.8 points in June it was 3.1 points above the March figure.

Belgium: Economic and income expectations experience extreme losses

Consumers in Belgium rated the economic prospects of their country in the second quarter in a significantly worse light. The economic expectations stood at 6.3 points in June, 23.3 points fewer than in March. This is the highest loss in the whole of Europe.

Income expectations in Belgium also suffered the greatest fall in the whole of Europe. With -18.7 points in June they deteriorated significantly compared to the figure of 0 in March. A lower figure was last recorded in October 2016.

Only the Belgians' propensity to buy improved in the second quarter. With 19.5 points in June it was 6.5 points above the March figure.

Greece: Income expectations improve slightly

The ongoing economic crisis continues to characterize the consumer sentiment of the Greek consumers. Economic expectations achieved -21.5 points in June, thus decreasing by 0.9 points compared to March. Across Europe it was only consumers in Romania whose economic prospects were rated in an even more unfavorable light.

With -21.5 points, income expectations were clearly in the negative, but this was an improvement of 6.2 points compared to March. Despite this Greece remained in last place in Europe.

Propensity to buy fell to -25.7 points in June. This is 2.1 points fewer than in March and by far the lowest value in Europe.

Poland: Best economic expectations across Europe

The Polish consumers regard their country's economic development with the highest level of confidence across Europe. With 37.3 points in June the economic expectations slightly improved by 1.7 points compared to March.

Income expectations also rose compared to March and achieved 37.9 points in June. In May even 43 points were achieved.

The propensity to buy of Polish consumers fell in the second quarter, however. In June 27.6 points were recorded. This is a fall of 6.7 points compared to March.

Czech Republic: Slight losses in economic and income expectations

Czech consumers regarded their country's economic prospects in a somewhat negative light in the second quarter. With 32.7 points the economic expectations compared to March fell by 4.2 points. But the indicator continued at a strong level.

The development of the financial situation in households was also considered to be somewhat more negative. With a minus of 4.1 points compared to March, income expectations reached 41.1 points in June. This is still a very good figure.

The propensity to buy increased in contrast. It rose by 3 points to 28.3 points in June. This is its highest level since August 2016

Slovakia: Economic expectations and propensity to buy increase

Slovakian consumers regarded their country's economic prospects in a positive light in the second quarter. With 19 points in June the economic expectations improved by 6.2 points compared to March.

Income expectations kept their levels in Slovakia. With 24.7 points June reported virtually the same figure as was reported in March.

Propensity to buy was on its way up. In June the indicator achieved a value of 11.7 points, 4.7 points more than in March.

Slovenia: Propensity to buy increases significantly

In Slovenia the economic expectations in the second quarter fell to 29.3 points in June. This is 7.8 points fewer than in March.

In contrast, the income expectations of Slovenian consumers clearly rose. With 37.6 points in June the indicator rose by 6.8 points compared to March. This is its highest level since May 2015.

Propensity to buy also rose significantly. With 34.1 points it rose to its highest level since July 2007 and increased 9.5 points compared to March.

Bulgaria: Propensity to buy takes a nosedive

Bulgarian consumers regarded their country's economic prospects in a somewhat more positive light in the second quarter. The economic expectations climbed to 6 points in June, which is the highest level this year.

In contrast income expectations fell to 17.5 points in June. This is 4.6 points fewer than in March.

The propensity to buy reported significant losses. With 13.4 points in June it was significantly below the figure of 26.7 points in March and hit its lowest level since May 2017.

Romania: Lowest economic expectations across Europe

The government crisis in Romania is clearly leaving its mark. Economic expectations among Romanian consumers continued to dwindle in the second quarter. With -22.2 points in June the indicator dropped 5.6 points compared to March. This is the lowest level since April 2012. The Romanians regard their country's economic prospects with greater pessimism than anywhere else in Europe.

Income expectations also fell. With -0.1 points in June the indicator fell by 4.2 points compared to March and to its lowest level since June 2014.

In contrast, propensity to buy improved slightly. It rose by 4 points to 1.3 points in June compared to March. In the first quarter of 2018 the propensity to buy in Romania was still permanently in negative figures.

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